THE ITALIAN SEA GROUP S.P.A. SINGLE SHAREHOLDER COMPANY

ORGANIZATION, MANAGEMENT, AND CONTROL MODEL IN ACCORDANCE WITH D. LGS. 231/2001

GENERAL PART

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Summary

GENERAL PART

1. REFERENCE REGULATORY FRAMEWORK

1.1 D. Lgs. n. 231, June 8th 2001

In execution of the delegation referred to in Law September 29th 2000, n. 300, with the D. Lgs. June 8th 2001 n. 231 (which will be referred to as "the Decree"), concerning *"Regulations regarding administrative responsibility of all legal entities, societies and associations even lacking a legal personality"*, the Italian Legislator has adapted the Italian regulation concerning legal entities' responsibilities to some International Conventions previously subscribed by the Italian government.

Putting an end to an animated doctrinal debate, the delegated Legislator has therefore surpassed the principle according to which *societas delinquere non potest*, introducing a regimen of administrative responsibility similar to criminal responsibility towards all entities equipped with legal personality, societies and associations even lacking legal personalities (which will be referred to collectively as "Entities" and individually as "Entity"), excluding the State, the local public entities, those public entities not economic in nature and those carrying out constitutional functions. Such responsibilities come to be in the hypothesis that there exists some form of crime being committed, **in the interest or advantage of the Entities themselves**, from, as specified in art. 5 of the Decree:

i) Individuals covering representative, administrative or directing functions in the Entity or in one of its organizational units provided with financial and functional autonomy, as well as all individuals who exercise, de facto, the management and control of the Entity itself (as known as **top management individuals**)

ii) Individuals subjected to the direction and control of one of the individuals referenced previously (as known as **subordinate individuals**)

On the meaning of the terms "interest" and "advantage", the government Report attached to the Decree attributes to the former a subjective value, referred to the will of the active author (natural person) of the crime (such person should have acted with the purpose to realize a specific interest of the entity), whereas the former has an objective value, referring to the effective results of the conduct (that is, the cases in which the author of the crime, although without any particular interest in mind, realizes an advantage for the Entity itself).

However, regarding criminal negligence in terms of health and safety, it is unlikely that the harmful event or the death of a worker could benefit the entity in any way. In such cases, then, the interest or the advantage should refer to the negligent conduct towards precautionary measures. In this way, the interest or the advantage of the entity could be represented by cutting down safety costs, boosting performance speed, or increasing productivity at the expense of safe working practices.

The Company is not responsible, according to the law (art. 5, p. 2 Decree), if the aforementioned individuals have acted **in their own exclusive interest or in the interest of third parties**.

It is appropriate to specify that not all crimes committed by the aforementioned individuals imply an administrative responsibility for the Entity, as only a specific type of crime is considered relevant (as known as predicate offences).

1.2 Offences and crimes determining administrative responsibility

The following indicates the list of crimes and administrative offences which are currently relevant according to Decree 231/2001.

A) Crimes committed during relationships with public administration (art. 24 and 25 of the Decree)

- Embezzlement at the expense of the State (art. 316-bis p.c.)
- Unlawful appropriation of funds at the expense of the State (art. 316-ter p.c.)
- Bribery (art. 317 p.c.)
- Corruption for exercise of function (art. 318 p.c. – art. 321 p.c.)
- Corruption for an act opposing official duties (art. 319 p.c. – art. 319-bis p.c. – art 321 p.c.)
- Corruption in court records (art. 319-ter p.c., p. 2 – art. 321 p.c.)
- Undue induction to give or promise benefits (art. 319-quarter p.c.)
- Corruption of a person in charge of a public service (art. 320 p.c.)
- Penalty for the corruptor (art. 321 p.c.)
- Incitement to corruption (art. 322 p.c.)
- Fraud at the expense of the State or another public entity or with the pretense of exonerating one from military service (art. 640-ter p.c., p. 2, n. 1)
- Aggravated fraud for the achievement of public disbursement (art. 640-bis p.c.)
- Cyber fraud (art. 640-ter p.c.)

B) Cyber-crimes and illicit treatment of data (art. 24-bis of the Decree)

- Unauthorized access to an IT or telematic system (art. 615-ter p.c.)
- Unlawful interception, impediment or interruption of IT or telematic communications (art. 617-quarter p.c.)
- Installation of machinery aimed at intercepting, obstructing or halting IT or telematic communications (art. 617-quinquies p.c.)
- Damage of information, data and IT programs (art. 635-bis p.c.)
- Damage of information, data, and IT programs utilized by the State or other public entities or of public utility (art. 635-ter. p.c.)
- Damage of IT systems or telematic systems (art. 635-quarter p.c.)
- Damage of IT systems or telematic systems for public use (art. 635-quinquies p.c.)
- Possession and unauthorized publication of access codes to IT and telematic systems (615-quarter p.c.)
- Diffusion of machinery, devices or informatic programs aimed at damaging or halting an IT or telematic system (art. 615-quinquies p.c.)
- IT documents (art. 491-bis p.c.)
- Cyber fraud of the subject offering certification services related to electronic signature (art. 640-quinquies p.c.)

C) Counterfeit currency, public credit cards and stamp values (art. 25-bis decree)

- Counterfeit currency, premeditated spending and introduction in the State of counterfeit currency (art. 453 p.c.)
- Alteration of currency (art. 454 p.c.)

- Spending or introduction into the State of counterfeit money, not in concert with others (art. 455 p.c.)
- Spending of counterfeit money received in good faith (art. 475 p.c.)
- Counterfeit of stamp values, introduction in the State, purchasing, possession or circulation of counterfeit stamp values (art. 459 p.c.)
- Counterfeiting of watermarked paper used for the production of public papers and official stamps (art. 460 p.c.)
- - Production or possession of thread marks or instruments used to counterfeit money, official stamps or watermarked paper (art. 461 p.c.)
- Use of counterfeit or altered stamp values (art. 464 p.c.)

D) Crimes against industry and trade (art. 25-bis.1 of the Decree)

- Disturbed freedom of the industry or trade (art. 513 p.c.)
- Illicit competition with threat or violence (art. 513-bis p.c.)
- Fraud against national industries (art. 514 p.c.)
- Fraud in exercise of trade (art. 515 p.c.)
- Sale of non-genuine food, representing it as genuine (art. 516 p.c.)
- Sale of industrial goods with false marks (art. 517 p.c.)
- Manufacture and trade of goods through the abuse of industrial property rights (art. 517-ter p.c.)
- Counterfeit of geographical indications or designations of origin of food products (art. 517-quarter p.c.)

E) Corporate crimes (art. 25-ter of the Decree)

- False corporate communications (art. 2621 c.c.)
- Minor events (art. 2621-bis c.c.)
- False corporate communications of listed companies (art. 2622 c.c.)
- Obstruction of control (art. 2625 c.c.)
- Undue repayment of capital contributions (art. 2626 c.c.)
- Illegal distribution of utilities and reserves (art. 2627 c.c.)
- Illegal operations on stock or shares or the controlling company (art. 2628 c.c.)
- Transactions to the detriment of creditors (art. 2629 c.c.)
- Failure to notify conflict of interest (art. 2629-bis c.c.)
- Fictitious capital formation (art. 2632 c.c.)
- Improper distribution of corporate assets by liquidators (art. 2633 c.c.)
- Corruption among private entities (art. 2635, third paragraph)
- Incitement to corruption among private entities (art. 2635-bis c.c.)
- Illicit influence on the assembly (art. 2636 c.c.)
- Insider trading (art. 2637 c.c.)
- Obstruction of the public auditing authorities (art. 2638)

F) Crimes aiming at terrorism or subversion of democracy (art. 25-quater of the Decree)

- Art. 2 of the international convention for the repression of terrorism financing subscribed in New York on 9.12.1999 (art. 270-bis, 270-ter, 270-quarter, 270-quinquines, 270-sexies, 280, 280-bis, 302 p.c.)

G) Female genital mutilation practices (art. 25-quarter of the Decree)

- Female genital mutilation practices (art. 583-bis p.c.)

H) Crimes against individual personality (art. 25-quinquies of the Decree)

- Enslavement (art. 600 p.c.)
- Underage sex trafficking (art. 600-bis p.c.)
- Child pornography (art. 600-ter p.c., paragraphs 1 and 2)
- Possession of pornographic material (art. 600-quater p.c.)
- Tourist initiative aimed at exploiting underage sex trafficking (art. 600-quinquies p.c.)
- Human trafficking (art. 601 p.c.)
- Buying and alienating slaves (art. 602 p.c.)

I) Market abuses (art. 25-sexies of the Decree)

- Abuse of privileged information (art. 184 TUF)
- Market manipulation (art. 185 TUF)

J) Transnational crimes

Law March 16th 2006 n.146, concerning the "ratification and execution of the Convention and Protocols of the United Nations against organized transnational crime", published in the Official Gazette on April 11th 2006 (effective from April 12th 2006), states that the Entity is responsible for the realization of a "transnational crime", that is a crime:

- Committed in more than one State
- Committed in a State, when a major portion of its preparation, planning, direction or control happened in a different State
- Committed in a State, when in such crime is implied the involvement of an organized criminal group carrying out criminal activities in more than one State
- Committed in a State, but with significant effects on another State
- Punished with reclusion for at least four years, whenever an organized criminal group is involved.

The following are the predicate offences for the object categories:

- Criminal association, of simple nature and mafia-type (art. 416 and 416-bis p.c.)
- Association aimed at smuggling of foreign tobaccos (art. 291-quater Single text referred to in the Decree of the President of the Republic October 9th 1990, n.309)
- Human trafficking of immigrants (art. 12, paragraphs 3, 3-bis, 3-ter and 5, of the Single text referred to in the Legislative Decree July 25th 1998, n. 286, and subsequent modifications)
- Personal assistance (378 p.c.)

K) Crimes of manslaughter and personal injury committed through the violation of the accident prevention norms and on the protection of hygiene and health in the workplace (art. 25-septies of the Decree)

- Manslaughter (art. 589 p.c.)
- Wrongful personal injuries (art. 590, paragraph 3, p.c.)

L) Crimes of the handling, laundering or use of money, goods or benefits from an unlawful source, as well as self-laundering (art. 25-octies of the Decree)

- Handling (art. 648 p.c.)
- Money laundering (art. 648-bis p.c.)
- Use of money, goods or benefits from an unlawful source (art. 648-ter p.c.)
- Self-laundering (art. 648-ter.1 p.c.)

M) Crimes concerning violation of copyright (art. 25-novies of the Decree)

Concerning the subject of criminal protection of industrial property rights, art. 15, p. 2 of the law issued on July 23rd 2009, n. 99 finally included in d.lgs n. 231/2001 the following article, art. 25-novies, extending the Entities' administrative responsibility to the crimes referred to in the following articles of the law issued on April 22nd 1941, n.633:

- 171, first comma, letter a-bis), and third comma
- 171-bis
- 171-ter
- 171-septies
- 171-octies
- 174-quinquies

N) Inducement to omit statements or provide false statements to the judicial authority (art. 25-decies of the Decree)

- Inducement to omit statements or provide false statements to the judicial authority (art. 377-bis p.c.)

O) Environmental crimes (art. 25-undecies of the Decree)

- Discharge of industrial waste water (d.lgs. 152/2006, art. 137 p. 2-5-11)
- Unauthorized construction and management of a landfill for hazardous waste (d.lgs. 152/2006, art. 256 p. 3)
- Illegal handling of waste (d.lgs. 152/2006, art. 260 co. 1)
- Illegal handling of highly radioactive waste (d.lgs. 152/2006, art. 260 p. 2)
- Fraudulent pollution by ships (d.lgs. 202/07, art. 8 p. 1)
- Fraudulent pollution causing significant damage to the water quality, species of animals or plants, even in part (d.lgs. 202/07, art. 9 p. 2)
- Fraudulent pollution from ship causing permanent or severe damage (d.lgs. 202/07, art. 8 p. 1)
- Discharge of industrial waste water (d.lgs. 152/2006, art. 137 p. 3-5-13)
- Unauthorized handling of waste (d.lgs. 152/2006, art. 256)

- Soil and underground pollution […] surpassing the risk threshold concentrations (d.lgs. 152/2006, art. 257 p. 1-2)
- False redaction of the waste analysis certificate (d.lgs. 152/2006, art. 258 p. 4)
- Illegal trafficking of waste (d.lgs. 152/2006, art. 259 p. 1)
- Alteration or absence of the SISTRI form (d.lgs. 152/2006, art. 260-bis p. 6-8)
- Overcoming of the threshold values of emissions and of air quality (d.lgs. 152/2006, art. 279 p. 5)
- Killing, destruction, capture, withdrawal, detention of exemplars of protected wild animal or plant species (art. 727-bis p.c.)
- Destruction or deterioration of habitats inside a protected site (art. 733-bis p.c.)
- International trade of endangered animal and plant species (L. 150/92, art. 1 p. 1-2-6)
- Falsification or doctoring of certificates, licenses, import notifications, statements, communications (L. 150/92, art. 3-bis p.1)
- Crimes against the environment (L. May 22nd 2015, n. 68 "environmental crimes")

P) Employment of third-party citizens with illegal residence (art. 25-duodecies of the Decree)

- Subordinate labor on permanent and temporary contracts (art. 22 d.lgs. July 25th 1998, n. 286)

Q) Racism and xenophobia (art. 25-terdecies of the Decree)

- Article introduced by the L. November 20th, 2017, n.167

R) Fraud in sporting competitions, abusive game or bet and gambling through unlawful means (art. 25-quaterdecies of the Decree)

- Fraud in sporting events (article 1 law December 13th 1989, n.401)
- Abusive exercise of gambling or betting activities (article 4 law December 13th 1989, n. 401)

S) Tax offenses (art. 25-quinquiesdecies of the Decree)

- Fraudulent declaration through use of invoices or other documents for existing operations (art. 2 d. lgs. March 10th 2000, n. 74)
- Fraudulent declarations through other artifacts (art. 3 d. lgs. March 10th 2000, n. 74)
- Emission of invoices or other documents for non-existent transactions (art. 8 d. lgs. March 10th 2000, n. 74)
- Concealment or destruction of accounting documents (art. 10 d. lgs. March 10th 2000, n. 74)
- Fraudulent abduction of payment of taxes (art. 11 d. lgs. March 10th 2000, n. 74)

In relation with the aforementioned offences, it is important to highlight how, in relation to the risk monitoring activities mentioned in the Special Part of this Model, the "sensibility" of the areas and corporate processes pertaining to each of the **predicate offences stated in the regulation** and it has been evaluated following the identification of the circumstances which could actually come into being with reference to the operational management of the Company, focusing on risk assessment and orientating it specifically towards the regulation.

1.3 Crimes committed abroad

According to what is established by the Decree, THE ITALIAN SEA GROUP S.P.A. a Single Shareholder (also referred to as "TISG" or "the Company" in the following document) can be held accountable by the Italian government of crimes committed abroad. This responsibility is based on the following conditions:

a) The crime has to be committed abroad by a subject functionally linked to the Company
b) The Company needs to have its main Headquarters in the territory of the Italian State and is accountable only in the cases and the conditions indicated in art. 7, 8, 9, 10 p.c. as long as the State in which the crime was committed does not take action against it.

1.4 Sanctions of the Decree

In the hypothesis in which the subjects indicated in art. 5 of the Decree commit one of the crimes referred in art. 24 ff. of the Decree itself or those referred in the special regulation, the Entity can undergo the imposition of heavy sanctions.

In accordance with art. 9 these sanctions, also known as *administrative sanctions*, are divided into:

I. Financial penalties
II. Disqualifying sanctions
III. Confiscation
IV. Publication of the judgement

On a general perspective, it is appropriate to specify that the Entity's accountability, as well as the determination of the *an* and the *quantum* of the sanction, are attributed to the criminal Judge in charge of the procedure related to the crimes which pertain to the administrative responsibility.

The Entity is considered responsible for the crimes identified in art. 24 ff. (with the exception of the situation described in art. 25-septies) even in case those crimes have been realized in the form of an attempt. In such cases, however, the financial and disqualifying sanctions are reduced from one-third to one-half.

According to art. 26 of the Decree, the Entity is not liable whenever it willingly obstructs the realization of the action or the event.

I. <u>Financial penalties</u>

Financial penalties are regulated by art. 10, 11 and 12 of the Decree and are applied in all cases in which the Entity is considered liable. Financial penalties are applied in "fees", at least 100 and at most 1000, whereas the amount of each fee goes from a minimum of € 258,23 to a maximum of € 1.549,37. The Judge determines the number of fees on the basis of the indexes identified in art. 11 p. 1, whereas the amount of the fee is fixed on the basis of the economic and financial conditions of the Entity involves with the objective of ensuring the efficiency of the sanction (art. 11 p. 2). In the hypothesis in which the entity is responsible of a multitude of administrative crimes committed with a single action or omission or, in any way, committed in the execution of a singular activity and before any judgement (even non definitive) is made for any of said crimes, the law imposes to apply the heaviest sanction which can be augmented up to three times. The Decree also identifies hypothesis of a reduction in the financial penalty, whenever the author of the crime has committed the fact at their

own advantage or in the interest of third parties and the entity did not gain any advantage, or a minimal advantage, or when the damage is of minimal significance.

The financial penalty, however, is reduced by one-third or one-half if, before the opening of the first hearing, the entity has entirely paid back the damage and has eliminated the harmful consequences of the crime, or has taken action in this direction. The financial penalty is, ultimately, reduced in any case in which the entity has adopted an appropriate model of prevention of such crimes similar to the one which has taken place.

II. Disqualifying sanctions

Disqualifying sanctions identified by paragraph II of art. 9 of the Decree and to be imposed exclusively in the hypothesis forecasted and only for specific crimes, are:

a) Interdiction of the execution of the activity
b) Suspension or withdrawal of authorizations, licenses or concessions functional to the realization of the offence
c) The ban on contracting with public administration, with the exception of asking for the performance of a public service
d) Exclusion from advantages, financing, contributions or subsidies and the possible withdrawal of those already received
e) Ban from advertising goods and services

As for the financial penalties, the kind and duration of the disqualifying sanctions are determined by the criminal Judge in charge of processing the crimes committed by natural persons, taking into account the factors specified by art. 14 of the Decree. In any case, the disqualifying sanctions have a minimal duration of three months and a maximum duration of two years.

One of the most interesting aspects is that the disqualifying sanctions can be applied to the Entity both after the judgement is made, thus after verifying its liability, and as a precautionary measure, that is whenever:

- There is the presence of great evidence to consider the Entity liable for an administrative offence related to a crime
- There is the emergence of valid and specific elements which attest the existence of a concrete threat of the realization of similar crimes to the one in object
- The Entity has gained a significant profit

III. Confiscation

The confiscation of the price or profit of the crime is a mandatory sanction which follows any conviction (art. 19).

IV. Publication of the judgement

The publication of the judgement is a possible sanction and assumes the application of a disqualifying sanction (art. 18).

For clarity it is important to observe that the Judiciary Authority can, indeed, according to the Decree, dispose: (a) the preventive seizure of the items which are allowed to be confiscated (art. 53); b) a preservation order of the Entity's properties and effects whenever there is evidence of lack or

dispersion of the guarantee for the payment of the financial penalty, the expenditures for the procedure or other amounts owed to the State (art. 54).

Wherever the seizure, executed with the purpose of confiscation by equivalent referred in paragraph 2 of art. 19, concerns companies, corporations or goods, including titles, as well as equity shares or liquidities even in deposit, the judicial administrator concedes their use and handling exclusively to corporate bodies only with the purpose of granting corporate continuity and development, exercising auditory powers and referring to the judicial authority. In case of violation of such purpose, the judicial authorities will impose the consequential measures and can nominate an administrator exercising shareholder duties.

2. ORGANIZATION, MANAGEMENT AND CONTROL MODEL AND THE GUIDELINES DEVELOPED BY THE CATEGORY ASSOCIATIONS

2.1 Dispositions of the Decree and importance of the Model

The Legislator recognizes, according to art. 6 and 7 of the Decree, specific forms of exemption from the Entity's administrative liabilities.

In particular, art. 6 paragraph states that, in the hypothesis in which the crime committed is attributable to individuals covering top management positions, the Entity is not held accountable if there is proof that:

a) It has adopted and executed, before the realization of the crime, an adequate model of management, organization and control (also referred to as "Model") for the prevention similar crimes
b) Has nominated a body, independent and autonomous, which monitors the functionality and observance of the model and handles the updates (also referred to as "Auditing Body" or "AB" or "Body")
c) The crime has been committed by fraudulently eluding the measures identified in the model
d) There has not been negligence in the monitoring by the AB

The responsibility established by the regulation is, therefore, shifted to the so called "organizational default", that is the lack of adoption or respect of appropriate standards of control related to organization and activities.

The exemption from accountability is however not determined by the mere adoption of the Model, assuming that the latter has to respect a standard of concrete and precise efficiency, as well as one of active implementation. The contents of the Model are indicated by the same art. 6 which, in paragraph 2, states that the Entity should:

- Identify the activities in which there are crimes that could possibly be committed
- Implement specific protocols aimed at programming the formation and execution of the Entity's decisions pertaining the crimes it should prevent
- Identify adequate procedures for the handling of financial resources with the objective of preventing offences
- Implement informational obligations towards the AB
- Introduce an appropriate disciplinary system aimed at sanctioning the lack of respect of the indicated measures of the Model.

Whenever any of the offences indicated by the regulation has been committed by a subordinate individual, the adoption and effective execution of the model imply that the Entity is held accountable only under the assumption that the realization of the crime has been possible by the negligence towards obligations of direction and control (combined in paragraph 1 and 2 art. 7).

The ff. paragraphs 3 and 4 introduce two principles which, although placed under the aforementioned regulation, appear relevant and decisive for the exemption of responsibility for the Entity for both the offence hypothesis referred in art. 5, letters a) and b). In particular, it is stated that:

- The Model has to take the adequate measures to grant both the lawful execution of the activity and the timely discovery of risky situation, taking into account they type of activity executed as well as the nature and size of the organization

- The effective implementation of the Model requires periodic review and modification whenever there is evidence of significant violations of the law prescriptions or whenever there are significant changes in the organization or in the regulations; indeed, the existence of an accurate disciplinary system becomes relevant (a condition already stated in letter e), sub art. 6, paragraph 2).

As the following document will explain later, the Model has been implemented by TISG with the objective of satisfying the requirements and pursue the aforementioned objectives. The Model's definition has indeed been inspired by the category guidelines, the most significant court case law on the subject and at the national and international practices on risk management and corporate governance.

2.2 Guidelines elaborated by the Category Associations

Art. 6, paragraph 3 of the Decree states that the Model can be adopted on the bases of codes of conduct redacted by the category associations representatives of the entities, communicated at the Ministry of Justice, which can make observations.

The first Associations to redact a document related to the construction of the models has been Confindustria which, already in 2002, has issued a series of Guidelines (also referred to as "the Guidelines"), updated, most recently, in March 2014. Subsequently, a lot of sectorial Associations have redacted their own guidelines which become an essential starting point for the construction of the model. In summary, the main Guidelines suggest:

- Mapping of the corporate areas of risk and activities in which there is the possibility of predicate offences through specific operational practices
- Identifying and preparing specific protocols directed at programming the training and implementation of the corporate decision in relation to the crimes to prevent
- Identifying an Auditing Body with autonomous powers of initiative and control and with an appropriate budget
- Defining specific informational obligations both towards the AB on the main corporate issues (and in particular on the activities considered risky) both from the AB towards top management and controlling bodies
- Adopting an ethical code which identifies the corporate principles and orientates the Model's addressees' behaviors.
- Adopting an appropriate disciplinary system to sanction the lack of respect of the principles stated in the Model and in the Ethical Code

3. MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL OF THE ITALIAN SEA GROUP S.P.A.

3.1 Activities of TISG S.p.A.

"THE ITALIAN SEA GROUP S.p.A." ("TISG" or "the Company") is situated in Viale Cristoforo Colombo 4 bis in Marina di Carrara (MS) and has been constituted in 1973 following the intervention of GEPI S.p.A (Soietà di Gestione e Partecipazione IndustrialI) which has bought plants and machinery from the pre-existing C.N.A.S.A. and has employed its personnel.

Currently, the company is part of a Group (GC HOLDING S.R.L. HOLDING), among the most renown conglomerates of the international yachting industry, absolute reference point for the planning and realization of yachts up to 200 meters. Strategically placed inside the Marina di Carrara port, The Italian Sea Group is a 100% Made in Italy reality which, from 1942 to now, has seen the launch of 577 yachts. Part of the Group are the Brands: Admiral, Tecnomar, NCA Refit and Celi.

The shipyard expands on a surface of 100.000 sqm presenting various important characteristics such as 11 productive areas, a 1000-meter dock, a 200-meter dry dock and a total lifting capacity of up to 1000 tons.

The biggest Shed, a new construction, can host projects up to 90 m, whereas for longer lengths the dock is directly used.

The Group's Headquarters cover an area of 3600 sqm and present innovative characteristics combined with an extremely elegant and sophisticated design.

The Italian Sea Group can guarantee any refitting and maintenance service.

Currently, the Company has as its core business the execution of the following activities:

a) The construction, import, trading, repair, maintenance, refitting, renting, charter and lease of vessels and naval units generally also destined to military use; such activities can be executed on behalf of the company or third parties
b) Sale of accessories and yachting components, as well as services regarding general shipyard and linked vessels
c) Production of fabrics, linen and any kind of textile products, including those for home décor and yachting, underwear, clothing, of any type and luxury, knitwear, shirts and similar, accessories and apparel, carpets, leather articles of any type and luxury
d) Production and trade of furniture and décor elements as well as elements for interior and exterior design, including artwork
e) Wholesale and retail, import, export, representation, with or without deposit, brokerage activity under any kind of the aforementioned products and services; creation of distribution networks owned or in franchising

3.2 Company's history and capital structure

The Marina di Carrara shipyard was founded in 1942 and in a few years, thanks to modern and advanced plans, manages to build medium tonnage ships.

During the course of the '50s and the '60s, a further boosting of machinery has allowed the Shipyard to produce even bigger and more specialized builds. In 1973 NCA has further expanded its structure, completing the construction of a 200 mt long and 35 mt wide dry dock.

Thanks to a constant and meaningful evolution, both in terms of project and technology, NCA has made its way to becoming one of the most renown national shipyards, with high levels of quality and prestige.

The first Admiral vessel, a wooden boat with an 18 mt LOA, is produced in 1966. Mid-70s, the company launches its first wooden motor yacht with LOA 30 mt. This yacht, very rare in those years, significantly contributed to the growth of the brand, which shines, at the beginning of the 80s, in the production of yacht in aluminum and steel.

Today, Admiral offers 5 distinct lines in aluminum and steel for a total of 22 models ranging from 35 to 100 meters and from 1966 to now Admiral has launched 133 yachts.

The Group has brought forward important investments through the course of 2018, among which the development of the internal business units of décor, upholstery, and steel, the expansion of the refit area facilities and the enlargement of the range of vessels which culminated, in December 2018, with the signing of n. 2 Tecnomar Evo 55 feet and 120, as well as a 75-meter contract designed entirely by the R&D division in NCA.

In the month of December 2012, Moda Design S.r.l. (now GC Holding S.r.l.) acquired 100% of the Nuovi Cantieri Apuania S.p.A. shares, a shipyard founded in 1942 and equipped with impressive facilities and an opening on the Marina di Carrara port, from Invitalia S.p.A. for € 3,7 billion. The agreement, approved by the Ministry for Economic Development, with consensus of the Trade Unions, has been formally accepted in the headquarters of the transferor Invitalia, at the presence of the Undersecretary for Economic Development, the CEO of the Agency, and the President of The Italian Sea Group Dr. Costantino.

This operation allowed the preservation of the employment levels, the safeguard and revamping of a leading company in the shipbuilding sector, as well as the opportunity of having as a new owner an Italian Group operating in the same industry sector.

At the time of the Nuovi Cantieri Apuania S.p.A. acquisition, today The Italian Sea Group S.p.A. GC Holding S.r.l. (formerly The Italian Sea Group S.r.l.) detained 100% of the shares in the company TYG S.p.A. (already Tecnomar S.p.A.), acquired in 2009. Despite the critical market conditions, worsened by the enduring shortage of available credit and the continuous financial defaults of the shipowners, which have flooded the second-hand market and further rarefied the opportunities of entering contracts for new builds, TYG S.p.A., after the acquisition of the Admiral brand in November 2011, has further reviewed and expanded its fleet.

The rapid growth in the number of contracts and the increase in size of the mega-yachts has led to the need to find a bigger production site with direct access to the sea and, at the end of a long deal, the operation of the aforementioned acquisition of Nuovi Cantieri Apuania S.p.A. was formalized.

The course of 2014 introduced the development of a new merger project involving the two companies TYG S.p.A. and Nuovi Cantieri Apuania S.p.A., to continue their activities under a unified name: Nuovi Cantieri Apuania S.p.A.

On November 13th 2014 the merger project has been accomplished through a notarial act, with accounting and fiscal effects starting from January 1st 2014 and legal effects from December 1st 2014.

In the month of September 2016, C.E.L.I. Costruzioni e Lavorazioni industriali S.p.A. acquired, on a going concern basis, a corporate complex located in Stroncone (TR), with the objective of fostering

development, inside the Group, of the production of furniture and décor for the interiors of the vessels built by the NCA shipyard or to satisfy clients operating in the yachting extra-sector.

Between the end of 2016 and the start of 2017, the company realized internally the Business Units of Refit, Steel and Upholstery, whose activities are carried out in the Marina di Carrara (MS) facilities.

On December 27th 2018, a notarial act finalized the merger by incorporation of the company TYG S.r.l., acquired 100% by Nuovi Cantieri Apuania on July 24th 2018, through a notarial act, inside the company Nuovi Cantieri Apuania S.p.A. itself.

TYG S.r.l., born from the provision of the corporate branch for the realization of vessels in fiberglass, core business of the old TYG S.p.A. (already Tecnomar S.p.A.), was conceded by NCA in 2016 to a third party, which should have developed such business to possibly collaborate with NCA for any sporadic project.

The market interest for the Tecnomar Evo 55' project has brought forward the need to re-acquire the corporate branch and bring back the stamps and know-how of TYG S.r.l. inside the NCA Organization. In January 2019, the CELI S.r.l. company name has been changed to Village NCA S.r.l. The latter handles the entertainment activities for NCA S.p.A.'s employees and clients.

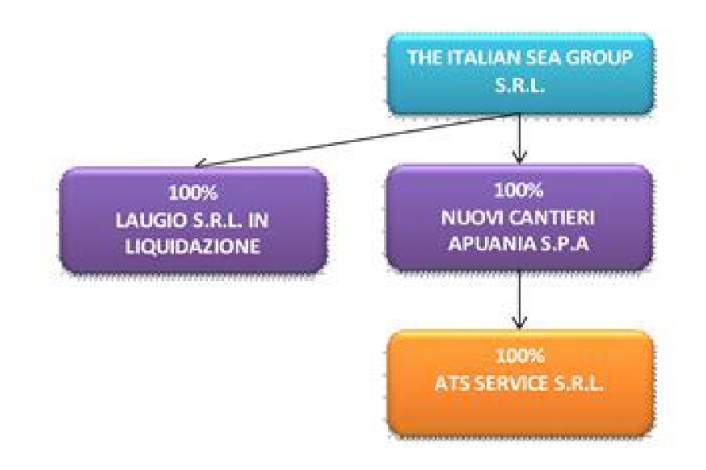
Following the deliberated assembly of associates on June 27th 2019, the Associate Nuovi Cantieri Apuania S.p.A. (now The Italian Sea Group S.p.A.) received the corporate branch pertaining the planning and production of wooden furniture named "CELI", more focused on planning, fabrication and trade activities for furniture and décor fittings, as well as the execution of "turnkey" works – comprehensive of construction and planting works – in the interior design sector, both in public and private fields, along with shipbuilding work, as described in the sworn report drawn up for that occasion.

The operation allows to focus the management on the production activities for mega yachts in steel and aluminum and concentrate the activity in a judicially autonomous company, ATS Service S.r.l., which has as a core business the realization of furniture for the shipbuilding sector with the possibility of expanding its business even in the extra-sector. Following the aforementioned operation ATS Service has changed its company name to CELI S.r.l.

In December 2019, the 100% of CELI S.r.l. shares have been conceded by Nuovi Cantieri Apuania S.p.A. to Mr. Giovanni Costantino.

On March 11th 2020, the extraordinary assembly of Nuovi Cantieri Apuania S.p.A. has deliberated to change the company name from Nuovi Cantieri Apuania S.p.A. to The Italian Sea Group S.p.A.

GROUP STRUCTURE AS OF 31/12/2014:



GROUP STRUCTURE AS OF 31/12/2019:

Dr. Giovanni Costantino is owner at 100% of the GC Holding S.r.l. shares, which detains:

- ✓ 100% of THE ITALIAN SEA GROUP OF AMERICA
- ✓ 100% OF THE ITALIAN SEA GROUP S.p.A.
- ✓ 100% OF VILLAGE NCA S.r.l.
- ✓ 20% OF GMC ARCHITECTURE S.r.l. STP

3.3 Purpose and structure of the Model

The choice of adopting the Model 231/01 in 2015 is aimed at establishing transparent and fair managing procedures in the pursuit of the corporate mission, in accordance with the regulations in place and with the fundamental ethical principles and corporate social responsibility principles, already present in the corporate culture. In this perspective, through the adoption of the 231 Model, the Company has the intention of pursuing the following objectives:

- Confer a formalized structure to the procedures of the exercising of power, expressing clearly which subjects have decisional, managerial powers and powers of authorizing purchase, for which activities and with which limitations
- Avoid excessive concentrations of power, in particular for operations which are at risk of crimes or functional segregation/conflicts of interest
- Avoid the convergence of purchasing powers and control powers and distinguish from authorization powers and organizational and managerial powers
- Forecast the formalization, also external, of the representative powers
- Grant that the assignment of duties is official, clear and organic, using formal procedures and avoiding power vacuums as well as expertise overlap
- Ensure traceability, verifiability, recording, coherence and congruence of each corporate operation
- Grant the effective correspondence between the representative models of the organizational structure and the procedures in place
- Prioritize, for the execution of decisions which could expose the company to any liability for administrative offences, transparency in the making of such decisions and in the consequent activities, with constant possibility for control

TISG, in light of the changes in regulation related to the Decree 231/2001 in the past few years and most importantly of the numerous variations of the operational and organizational structure has deemed necessary, also through constant impulse from the Auditing Body, to update the Model adopted with the deliberation as of December 22nd, 2015.

The Corporate Model is made up of:

A **General Part** in which, along with the illustration of the contents of the Decree and the role of the Auditing Body, there is a synthetic representation of the following protocols (also referred to as the "**Protocols**"), which – in compliance with the guidelines established by the category Associations – compose the model:

- Organizational system
- System of procurements and delegations
- Internal procedures
- System of management and control
- System of control on health and safety in the workplace
- The Ethical Code
- The Disciplinary System
- Communication and information

A **Special Part**, comprehensive of the risk assessment activity, which includes:

- The so called "sensible" processes inside each area, whose completion is strictly linked with the risk of execution of the aforementioned offences
- The process owners involved in the execution and management of such "sensible" processes and who, notionally, could act on the aforementioned offences
- The notionally possible offences
- The principal protocols and control structures to respect, in order to prevent the risk of the aforementioned offences

This general part is accompanied by the documents which, representative of some protocols, complete the organization, management and control framework of the Company, such as the Ethical Code, the Disciplinary System and the whistleblowing procedure. Such documents, considered as a whole, constitute the Corporate Model adopted in accordance with Decree 231/01.

4. TISG SPA GOVERNANCE MODEL AND ORGANIZATIONAL STRUCTURE

LEGAL INFORMATION

Denomination: "The Italian Sea Group S.p.A.", also "TISG S.p.A." in shirt

Company Headquarters: Marina di Carrara (MS), Viale C. Colombo, n. 4 bis

Social Security Number: 00096320452

Registration number in the Commercial Register of Carrara – REA: n. 65218

Fully paid-up share capital: Eur 21.750.000

CORPORATE AND CONTROL BODIES

- Board of Directors
- Statutory Auditor
- Revision Company
- Auditory Body ex d.lgs. 231/2001

TISG S.p.A. is managed through a Board of Directors, holding the powers and functions assigned by the corporate statute and as deliberated by the BOD on April 13th, 2018.

Another corporate body is the Board of Statutory Auditors, which has the duty of monitoring the observance of the law and the statute, as well as the respect of the principles of fair administration and the adequacy of the organizational, administrative and accounting structure and their proper functioning. This Board, made up of three Statutory Auditors and two Alternate Auditors does not exercise the legal revision of accounts, since this task is exclusively assigned to an independent revision company.

4.3 Organizational structure

The company's organizational structure, at the time of the adoption of the organization, management and control model (also referred to as "Model" or "OMM"), is represented in the corporate organization chart which displays the structure, the main operational areas, the functions of reference and the mutual interconnections.

In detail, the Chairman of the Board of Directors communicates with the following operating units:

1. Marketing
2. Human Resources
3. Quality
4. Production
5. Refit
6. Décor
7. R&D
8. Process control

9. Planning
10. Technical Office
11. Financial Office
12. Purchasing and Procurement
13. Security
14. Environment
15. Sales

5. PERFORMANCE AUDIT AND FINANCIAL FLOWS

Art. 6, p. 2, letter c) of the aforementioned Decree establishes the need that the models include "the handling of financial resources in a way that is adequate to prevent the risk of offences being committed". The disposition finds its *ratio* in the acknowledgement that the majority of the offences listed in the Decree can be realized through the employment of the entities' financial resources (e.g., constitution of non-budgetary funds for the execution of acts of corruption).

The Guidelines recommend the adoption of formalization mechanisms for the decision-making process which, recording and verifying any step of the process, prevent an inappropriate handling of the entity's financial resources.

In accordance to the aforementioned criteria, the Company adopts specific procedures with the purpose of regulating the financial management process (see *infra*).

Such procedures construct an integral part of the following Model and the fraudulent violation of the rules hereby listed constitutes a motive for the application of the disciplinary system provided by the Model itself.

6. AUDITING BODY

As stated above, the Decree explicitly states that the auditing tasks regarding the functioning and observance of the model, as well as its update, are assigned to a body with autonomous powers of initiative and control.

It is necessary that the AB bases its activities on criteria of autonomy and independence, as to ensure an effective and efficient execution of the Model. The autonomy and independence of the Body need to exist with respect to any form of interference or influence from any representative of the legal person and, in particular, of the administrative body.

The AB needs indeed to benefit from such guarantees in order to prevent that the body – or one of its members – is removed or penalized as a consequence of the completion of their duties.

6.1 Appointment and composition of the Auditing Body

TISG's Board of Directors is in charge of the appointment, in accordance with art. 6, p. 1, letter b) of the D.Lgs. 231/2001, of an Auditing Body supervising over the functioning, effectiveness, adequacy, observance and updating of the Model adopted by the company. The components of the AB are appointed by the Board of Directors with a special deliberation, which determines also the due remuneration for the execution of the assigned task.

It is helpful to remember that, in accordance with art. 6, p. 4-*bis*, of the D.Lgs. 231/2001, the auditing functions of the Model can be attributed to the Board of Statutory Auditors.

Following the appointment of the AB, its duties and powers shall be timely communicated to the Company through the publishing of the Model, inside the corporate headquarters, in an easily accessible place for everyone.

The Auditing Body remains in office for a total of 3 years, with possibility of renewal.

Currently, the Auditing Model in office is composed of two members (Chairman and member), appointed on 22.12.2015 and renewed through a deliberation of the Board of Directors on 24.01.2019.

6.2 Duration of the office term and causes for termination

The termination of the AB office can occur due to the following reasons:

a) Expiration of the term
b) Revocation of the AB from the Board of Directors
c) Waiver from all the members of the AB, formalized through a specific written communication sent to the Board of Directors.

The revocation of the AB can only happen in good cause, also to grant absolute independence.

Good causes of revocations include, but are not limited to:

- A grave negligence in the completion of the office duties
- Possible involvement of the Company in a procedure, both criminal and civil, connected to an omitted or insufficient auditing activity, even negligent.

The revocation in good cause is disposed with a deliberation from the Board of Directors, approved with the vote of two-thirds of the present members, following the Board of Statutory Auditors' opinion, from which the Board of Directors can turn away only with adequate reasoning.

In case of expiration, revocation or waiver, the Board of Director immediately appoints the new AB.

Outside of the hypothesis regarding the entirety of the AB, the termination of the office of a single member can occur:

- Following a dismissal from the Board of Directors
- Following a resignation, formalized through appropriate written communication sent to the Board of Directors
- On the basis of the grounds of revocation which will be listed in the following paragraph

The revocation of a single component of the AB can be imposed only in good cause referring to the following cases, without limitation and along with the aforementioned hypothesis provided for the AB as a whole:

- The single member is involved in a criminal trial regarding the realization of a crime
- There is evidence of violation of the confidentiality obligations charged to the AB members
- Truancy for more than three times at the AB meetings, as reported by one of the members.

In case of termination of a single component, they will remain in office until substitution, which will be immediately handled by the Board of Directors. The newly appointed member ends their office at the same time as the other AB components.

6.3. Requirements for the Auditing Body

The AB, as a whole, needs to possess some specific requisites, which will have to characterize the action and activity of monitoring and control of the Model.

a) Autonomy and independence

In order to grant the AB's completely independent initiative and preserve it from any form of interference and/or influence, it is provided that the Body:

- Is void of operational duties and in no way relates to the Company's operation, to protect its objectivity of judgement
- In terms of the execution of its function, it is both autonomous and independent from the hierarchical and disciplinary powers of any corporate body or function
- Reports directly to the Board of Directors
- Determines its activities and adopts its decisions without the interference of any corporate function

b) Professionalism

For the purpose of a correct and efficient execution of its duties, it is essential that the AB grants an adequate professionalism, where the latter refers to as the entirety of the knowledge, the instruments and the necessary techniques for the completion of the assigned activity, both in terms of inspection and consultancy. Under this aspect, there is significant relevance of knowledge of the law, in particular of the structure and the modalities of the crimes referred in the Decree, as well as an adequate expertise on the subjects of auditing and corporate controls, including what pertains to the techniques of risk analysis and evaluation, methodologies linked to flow charting of procedures and processes for the individuation of weak links in the corporate structure, techniques of interview and elaboration of the results; it is also desirable that at least any of the AB members holds expertise regarding analysis of control systems, as well as expertise of legal nature. In fact, the subject has a substantially punitive nature and the scope of the Model is the prevention of offences.

c) Continuity of action

In order to grant an effective and constant execution of the Model, the AB is a body exclusively dedicated to the full-time completion of its assigned tasks, without any attribution of other functions, and is equipped with an adequate budget and appropriate resources.

d) Integrity and absence of conflicts of interest

Administrative bodies, in order to guarantee the complete autonomy and independence of the Auditing Body:

- Evaluate the permanence of the aforementioned requirements
- Ensure that the components of the Body possess the objective requirements of integrity and competence

- Verify that the components of the Body are not involved in situations causing conflicts of interest with the Company

In any case, the selection of the members needs to be executed taking into account the purposes pursued by the Decree and the primary necessity to ensure the effectiveness of the controls and the model, its adequacy and the maintenance in time of its requirements, as well as its updating and adjustments.

6.4 Requisites for the singular members – cases of ineligibility and termination

The members of the AB are chosen among qualified subjects, experienced in the field of law, internal control systems or accounting revision, even external to the Company.

The main reasons for the ineligibility and/or termination of the AB members are:

- Interdiction, incapacitation, or, in any way, criminal conviction (or application of the penalty at the request of the parties – so called "settlement"), even unfinished, for one of the offences provided in the Decree, any similar offence or, in any way, for one of the charges referred in art. 2 of D.M. March 30th 2000, n. 162, otherwise implying the interdiction from public offices or inability to exercise administrative offices, even temporarily
- Family relationships, marriage (cohabitation is considered de facto equivalent to marriage) or affinity within fourth degree with members of the Board of Directors, Auditors and auditors appointed by the auditing firm (when present), as well as TISG Top Management
- Administrative functions with executive delegations at TISG
- Direct and indirect ownership of corporate shares to such an extent that there is the possibility of significantly influencing TISG, in accordance with art. 2359 c.c.
- Administrative functions in corporations subject to bankruptcy, receivership or other insolvency proceedings, in the three offices preceding the appointment as member of the Auditing Body or the relationship with the Body as a consultant.
- The existence of capital relationships (excluding any subordinate working relationship) between the members and the Company or any controlling/controlled entities, such that could compromise the independence of the members themselves.

Whenever throughout the course of the office, should exist a cause of termination, the interested member is obligated to immediately inform the other components of the AB and the Board of Directors.

6.5 Conflicts of interest and competition

In the case when, with reference to the operation existing with respect to the TISG organizational models, one or more AB members find themselves or believe that they are or could be in a situation creating a possible or actual conflict of interest with TISG in the execution of the auditing functions, such subjects are obligated to immediately communicate to the Chairmen of the Board of Directors, to the CEO and the other members of the AB.

The existence of a situation (actual or potential) creating a conflict of interest determines, for the interested party, the obligation of abstaining from committing acts linked or related to such operation in the exercise of their auditing function.

For example, a possible conflict of interest in a certain operation could be whenever the party is related to one or more parties involved in an operation due to social offices, marriage relationships, family relationships or affinities within the fourth degree, working relationships, consultancy or paid working

performance, or otherwise any other capital relationship which could compromise independence in accordance with art. 2359, letter c), c.c.

Any of the members of the AB is subjected to the ban on competition provided in art. 2390 c.c.

6.6 Resources of the Auditing Body

The Board of Directors assigns to the Auditing Body the appropriate human and financial resources aimed at the completion of the assigned task.

Regarding financial resources, the AB can dispose, for any necessary demand related to the correct execution of its duties, of a *budget* assigned by the Board of Directors on an annual basis. Whenever this budget is not enough to face particularly difficult situations, the AB can propose an integration to the administrative body. The AD can, then, with its own budget, request help from experts whenever needed.

Upon any assignment of office to an external consultant, the latter will have to publish an appropriate statement which states:

- The absence of the aforementioned reasons for ineligibility or reasons for exclusion from office
- The circumstance of being adequately informed of the dispositions and behavioral rules provided in the Model, as well as their commitment to respect them.

6.7 Duties of the Auditing Body

Conforming to the provisions of art. 6, p.1, of the Decree, the AB is assigned the task of *supervising the functioning and observance of the Model, as well as taking care of any updates*.

Generally, then, the AB has the following duties:

1) Checking and supervising the Model, that is:
    - Verifying the appropriateness of the Model, that is its ability to prevent illicit behaviors, as well as highlighting any possible realization of such behaviors
    - Verify the effectiveness of the model, otherwise the coherence between the concrete behaviors and those formally provided in the Model
    - For such purpose, monitoring the corporate activities as well as the functioning of the preventive system adopted by the Company as a whole

2) Updating the model, that is:
    - Promoting and monitoring the direct initiatives aimed at spreading the Model to all the parties concerned with the respect of the related provisions (also referred to as 'Addressees')
    - Promoting and monitoring the initiatives, including courses and communications, aimed at favoring an adequate knowledge of the Model from all Addressees
    - Timely detect, through the predisposition of specific opinions, requests of clarity and/or consultancy coming from the corporate function or resources, otherwise from administrative and control bodies, whenever connected and/or related to the Model

3) Handling of the fluxes of information from and towards the AB, that is:
    - Examinate and evaluate all the information and/or reports received and linked to the respect of the Model, including whatever pertains to suspect violations

- Inform the competent bodies, specified below, on the matter of the carried-out activities, related results and programmed activities
- Report to the competent bodies, for the appropriate consequences, any violation of the model as well as the responsible parties
- In case of control on behalf of institutional parties, including Public Authority, provide the necessary informative support to the respective bodies.

In the execution of its assigned duties, the AB is always obligated to:

- Punctually document, even through the compilation and handling of special registers, all the carried-out activities, the initiatives and adopted measures, as well as the received information and reports, also with the purpose of granting traceability of the executed interventions and the indications provided to the concerned corporate functions
- Register and keep all documents formed, received or in any way collected throughout the course of the office and relevant to the purpose of its correct execution.

The strictly operational aspects are defined in the functioning Regulation immediately adopted by the AB upon appointment.

6.8 Powers of the Auditing Body

For the completion of its duties, the AB is invested of all the necessary powers to ensure a punctual and effective supervision on the functioning and observance of the Model, without exclusion.

The AB, also through its resources, has the faculty, as a way of example:

- Of executing, even unprompted, all checks and inspections it deems appropriate for the correct completion of its duties
- Free access to all functions, archives and documents of the Company, without any pre-emptive consent or need of authorization, in order to obtain all information, data or documents deemed necessary
- Obtaining, whenever necessary, audition of resources that can provide useful indications or information related to the completion of corporate activities or possible disfunctions or violations of the Model
- Of using, under direct surveillance and responsibility, any of the Company's facilities or otherwise external consultancy
- Of obtaining, for any need related to the correct completion of its duties, of the financial resources allocated by the Board of Directors

6.9 Information towards the Auditing Body

The correct execution of the functions demanded from the Auditing Body cannot disregard the provision of informational obligations towards said Body in accordance with art. 6, paragraph 2, letter d) of the Decree.

The AB has to be timely informed from all corporate parties, as well as third parties obligated to observe the Model's provisions, of any update related to the existence of possible violations.

In any case, the information that have to be mandatorily and immediately transmitted to the AB are:

I. All information that pertains to potential violations of the Model, including, for example and not limited to:

1) Any order received from superiors which can be considered going against the law, the internal regulation, or the Model
2) Any compliments, liberalities or other utilities, exceeding moderate value, destined to private parties or employees of the public administration
3) Any compliments, liberalities or other utilities, exceeding moderate value, received by the staff
4) Any significant shifts from the distinct budget, separated by macro category of spending, highlighted by the control management during assessments
5) Any provisions and/or notices coming from bodies of judiciary police or any other authorities from which it is possible to detect the conduct of investigations related, even indirectly, to the Company, its employees, or members of the corporate bodies
6) Requests of legal assistance forwarded to the company from its employees in accordance with CCNL, in case of a criminal proceedings against them
7) Notices related to the on-going disciplinary provisions and any imposed sanction, or the reasons of their filing
8) Any report, not timely detected by the competent functions, related to both shortcomings and inadequacies of the health and safety devices in the workplace, and to any other dangerous situation linked to the health and safety in the workplace

II. All information related to the Company's activities, which can be relevant to the completion, from the AB, of its assigned tasks including, but not limited to:
1) Transmission of transcripts of the Board of Directors
2) Updates on the system of powers and delegation, wherever they are not object of deliberation from the BoD
3) The summary accounts of any tenders and the summary accounts of contracts awarded in direct custody
4) Annual accounts, accompanied by the notes of the financial statements, as well as the half-year balance sheet
5) The communications, from the Board of Statutory Auditors, related to any detected issue, even when resolved
6) Verification reports or audits carried out by the Auditing Authorities

The AB, in the course of its auditing activity, has to act in a way that grants that the involved parties are not subject to retaliation, discrimination or, anyway, penalization, ensuring then the confidentiality of the reporter, except in cases where there are legal obligations which indicate differently.

Corporate functions and all those parties operating on behalf of the Company and that find out information related to offences committed inside the Company, or practices that go against the behavioral norms and the principles stated by the Ethical Code, are obligated to timely inform the Auditing Body.

The Company has activated the appropriate communication channels in order to allow the forwarding of reports, setting up a special e-mail account odv231nca@admiraltecnomar.com; furthermore, the reports can be forwarded by post, even anonymously, to the following address:

THE ITALIAN SEA GROUP S.P.A.
Marina di Carrara (MS), Viale C. Colombo, n. 4 bis
Codice Fiscale: 00096320452

The reports have to be archived and kept by the Chairman of the Auditing Body.

The Auditing Body has to ensure confidentiality for the reporters of any violations with the most appropriate systems and means.

6.10 Informational obligations of the Auditing Body towards Corporate Bodies

The AB has to provide written reports, at least once a year, to the Board of Directors on the activity carried out in the reference period and its results, providing also an anticipation of the general interventions for the following period. In any case, the AB can turn to the Board of Directors whenever need appropriate for the purpose of executing its assigned duties in an effective and efficient way.

The reporting activities are, in particular, related to:

- The activities carried out by the AB
- Any issue or problem detected during the auditing activity
- Corrective actions, necessary or possible, to impose to ensure effectiveness and efficiency of the Model, as well as the state of execution of the corrective actions deliberated by the Board of Directors
- The assessment of any behavior violating the Model
- The detection of any organizational or procedural deficiencies such that they expose the Company to the danger of crimes being committed against the Decree
- Any absence or poor collaboration from the corporate functions in the execution of the auditing duties
- Any information deemed useful to the assessment of urgent determination from the responsible bodies

The meetings need to be verbalized, and the transcript copies need to be archived and kept by the Chairman of the AB.

7. ETHICAL CODE (REFERRAL)

TISG S.p.A. confers crucial importance to the inspiring principles of its corporate governance, that is the governance system aimed at reaching optimal organizational management.

Such importance translates into the adoption of an internal culture and a system of corporate values that combine the pursuit of the corporate mission with the full conformity to the law and adoption of the highest ethical standards.

The instrument through which the company and the Group as a whole intend to pursuit the aforementioned objectives and which contains important provisions aimed at preventing the realization of offenses and administrative crimes is the **Ethical Code** (Attachment 1).

Through the acceptance of the Ethical Code, the company has the purpose of contribute to and strengthen the culture of the law as a fundamental value, along with offering a valid instrument of sensibilization and guidance for all parties operating in the name or on behalf of the Company, in order for them to execute, during their activities, correct and linear behavior, preventing the risk of crimes being committed against the Decree.

8. DISCIPLINARY SYSTEM (REFERRAL)

The D.lgs. n. 231/2001, art. 6, p. 2, letter c), explicitly states the obligation for the entity to "introduce an adequate disciplinary system aimed at sanctioning the lack of respect of the measures indicated in the Model". In accordance with such provision, the Model is accompanied by Attachment 2 – **Disciplinary system**.

9. WHISTLEBLOWING DISCIPLINE

The redaction of this Model takes into account the most recent legal interventions, among which the one related to Law n. 179 of November 30th 2017, which modified the discipline of D.Lgs. 231/2001, adding paragraphs 2-bis, 2-ter, 2-quarter to art. 6. Following the modifications, the Decree explicitly establishes that the Models provide:

a) *Communication channels which allow both top management and their subordinates to present, protecting the entity's integrity, detailed reports of illicit conduct relevant to the norm and founded on precise and coherent factual elements, or any violation of the organizational and managerial model of the entity, which they have come to know while carrying out their functions; such channels have to grant confidentiality of the reporter's identity in the activity of handling of reports*

b) *At least one alternative reporting channel apt at granting, via electronic means, confidentiality on the reporter's identity*

c) *Ban on acts of retaliation or discrimination, direct or indirect, towards the reporter for reasons directly or indirectly linked to the report*

d) *In the disciplinary system, sanctions towards parties who violate the protection measures for the reporter, as well as those parties who send out unfounded reports with malice or gross negligence.*

In accordance with such prescriptions, the present Model is accompanied by Attachment 3 – **Whistleblowing procedure**.

10. COMMUNICATION

TISG communicates to the personnel the adoption of the present model. Such communication shall be always spread, effective, clear and detailed, with periodic updates linked to any changes in the Model, in observance with the Guidelines provided by Confindustria.

In particular, an effective communication activity has to:

- Be sufficiently detailed with regards to the hierarchical level of destination
- Utilize appropriate and accessible communication channels in order to reach the addressees and timely provide information, allowing the concerned personnel to utilize the communication itself in an effective way
- Grant high quality in terms of content (include all necessary information)
- Be timely, updated (containing the most recent information) and accessible

For this purpose, on an operational perspective, the procedure is the following:

- Sending a signed communication from the administrative body to all personnel on the contents of the Decree, the importance of its execution, and the modalities of information and training provided by the Company
- Diffusion of the Model and its updates on the corporate Intranet (where available) and its submission to personnel via e-mail
- Displaying the Model on the notice board

Any new hires have to receive, along with the documentation provided at time of recruitment, an informative kit containing the Model, in order for them to acquire all the fundamental information.

The aforementioned parties, at time of delivery of the Model, will have to sign it for acknowledgement and acceptance and will commit to respecting the principles, rules and procedures provided in the execution of their duties related to Sensible Areas and any activity that can be realized in the interest of advantage of the Company.

11. TRAINING

For the purpose of the effective execution of the Model, it is the Company's general objective to grant all Addressees an adequate degree of training related to the rules of conduct and the indicated procedures.

All addressees are required to have full knowledge of both the objectives of fairness and transparency which are pursued by the Model and of the modalities which the company wants to follow to reach such objectives.

An objective of particular interest is then represented by the need of granting actual knowledge of the Model's prescriptions and the underlying reasons behind its effective execution to parties which operate in activities that are risky or can be considered at risk.

For this purpose, TISG's BoD provides a training plan with specific meeting with the staff and the administrative body in the presence of the auditing body, with reference to the fundamental criteria of the Entity's responsibilities, the offences indicated in the Decree, as well as the indicated sanctions, the control structure and so on.

The HR department (HR Manager), supported and in collaboration with the Auditing Body, is responsible for the correct training of employees in terms of the application of the Model.

In terms of requirements, a training program:

- Has to be appropriate concerning the position covered by the parties inside the organization (new hire, employee, manager, director, etc.)
- Has to differentiate the contents based on the different activity carried out by the party inside the entity (activities at risk, controlling activities, non-risky activities, etc.)
- Has to establish the intervals of the training activities taking into account (i) the degree of change of the external environment in which the entity operates, (ii) the learning capacity of the employees and (iii) the degree of commitment of management to give importance to the training activity
- Has to provide competent and distinguished lecturers in order to ensure the quality of the treated contents, as well as highlighting the importance of the relevant training for the Company and the strategies it wants to implement

- Has to establish mandatory participation to training programs, defining specific control mechanisms to monitor the presence of the concerned parties (e.g., signature collection of the participants).

Therefore, along with a general phase, the level of training and information of the Addressees will have a different degree of insight, with particular attention towards those employees who operate in those areas considered particularly sensitive. The training activities is therefore differentiated according to the Addressees' qualifications, as well as the level of risk of their operative area, and will be carried out at least once a year.

Specific training will confer to the participants the ability to:

- Be aware of the potential risks associated with their activities, as well as the specific control mechanisms to implement in order to monitor it
- Identify potential issues and report them in the correct ways and times in order to implement any corrective action

The AB, in strict collaboration with the administrative body, will be in charge of evaluating the effectiveness of the training program with reference to the updating of the content, the modalities of delivery, its recurrence, controls on mandatory participation and measures to adopt towards those who do not attend without any valid reason.

Suppliers, Collaborators, Consultants and Partners are to be informed of the Model's contents and of the rules and control principles described in it, as well as the fact that their behavior should conform with the Decree's provisions. In this regard, all parties who, in various capacities, interact with the Company are required to sign a specific contractual clause of acknowledgement and acceptance of the principles and protocols contained in the Model (so called "Clause 231").

12. MODEL UPDATE

As previously highlighted, the Decree explicitly states the need of updating the Model, so that it can constantly reflect the specific needs of the Society and its concrete operativity.

Update/adjustment interventions on the Model are deemed necessary, presumably, in the occurrence of:

- Modifications and integrations to the D.lgs. 231/2001, especially relating to predicate offences therein described
- Significant variations to the organizational structure
- Introduction of new activities and/or new services which significantly modify the organizational structure

It is indeed possible to evaluate adjustments on the Model in the occurrence of violations and/or detections emerging during verifications on its effectiveness.

In particular, it is important to highlight how the administrative body holds full responsibility for Model's update and, therefore, its integration and/or adjustment, and these actions can be urged by the Auditing Body.

APPENDIX: GLOSSARY AND DEFINITIONS

The following is a legend of the notions commonly utilized inside this document.

Areas of activity

Homogeneous operative areas, whose activities can be attributed to the responsibility of a party equipped with sufficient managerial autonomy on the basis of functional delegations formalized in the organizational chart and in the corporate job description.

Sensitive activities (also "at risk")

Corporate activities which could lead to the creation of occasions, conditions and/or instruments for the realizations of the offences described by the law.

Collaborators

Parties who entertain with the Company collaborative relationships without subordination, commercial representation or any relationships implying a non-subordinate professional performance, both continuous and occasional; those who, with the support of specific warranties and proxies, represent the company towards third parties.

Consultants

Those who provide information and opinions and assist the company in carrying out specific acts, by virtue of proven experience and practicality concerning specific subjects.

Decree

D. Lgs. June 8th 2001, n. 231, bringing the "discipline of administrative responsibility of legal persons, companies and associations even without legal personality, in accordance with article 11 of the law September 29th, 2000, n. 300", in the current contents.

Addressees

The parties to which the Model's dispositions are applied.

Employees

Persons "subordinate to the direction or supervision of parties covering representative, administrative or directive functions in the entity" (in accordance with art. 5, p. 1, letters *a)* and *b)* of the Decree), that is all the parties who entertain a subordinate working relationship (even seasonal), of whichever nature, with the Company.

Entity

In accordance with the Decree, any company, consortium, association or foundation or any law body, whether or not it possesses legal personality, as well as any public economic entity.

Corporate Officers

The associates, the administrative body and the members of the other corporate bodies, as well as any other party covering positions of top management (e.g., plant manager), which refers to any person covering representative, administrative or directive functions in the Company, in accordance with the Decree.

Suppliers

Those who supply goods or services to THE ITALIAN SEA GROUP S.P.A.

Model

The present Model and its attachments, as well as the other documents indicated in the premise as they are its integral part.

Rules

The legislations – Italian, foreign or supranational – however denominated (including the present Model and the Decree), in the version relevant to the time of the fact, even for the effect of subsequent modifications, and comprehensive of the aforementioned rules or prescriptions, primary, secondary, or stemming from private autonomy.

Auditing Body

Body equipped with autonomous power of initiative and control, which has the duty of supervising the adequacy, the functioning, observance and updating of the Model (in accordance with art. 6, p. 1, letter b) of the Decree).

Partner

Contractual counterparties with which the Company reaches contractually regulated forms of collaboration (e.g., joint venture, ATI).

Public officers

In accordance with art. 357 p.c., "those who exercise a public legislative, judiciary or administrative function. To the same token, it is public any administrative function disciplined by public law rules and by authoritative acts, and characterized by the formation and manifestation of the will of the public administration or of its execution through authoritative or certification powers".

Offence (also "crime")

The offences provided by Decree 231 and, more generally, by its referred rules, as well as any other kind of misconduct for which in the future is imposed the administrative responsibility of the entities addressed by the Decree.

Company

"TISG S.p.A."

Top management

Corporate representatives and parties who, regardless of the nominatively carried out activity, "cover representative, administrative or directive functions in the entity or in one of its organizational units equipped with financial and functional authority, as well as those persons who, even de facto, exercise management and control of the company" (art. 5 paragraph 1 letter a).

Public parties

Public administrations, therefore the companies and administrations of the State, regions, provinces, municipalities, mountain communities, and their consortia and associations, university institutions,

chambers of commerce, trade, manufacturing and agriculture, non-economic public entities on a national, regional and local level, administrations, companies and entities of the National Health Service, concessionaires of public services, public officers and those in charge of a public service, as well as the components of the community bodies, officials and agents hired by contract under the Staff Regulations of officials of the European Communities, persons commanded by the member States or any other public or private entity within the European communities and those who, within other member States of the European Union, carry out functions or activities corresponding to those of public officers and people in charge of a public service.